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Brooke F Adams 10/09/2006 03:13:08 PM From DB/Inbox: Brooke F Adams

Cable
Text:

UNCLAS TRIPOLI 00563

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ACTION: FCS
INFO: AMB IPS ECON DCM

DISSEMINATION: FCS
CHARGE: PROG

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RUEHAS/AMEMBASSY ALGIERS 0318
RUEHEG/AMEMBASSY CAIRO 0435
RUEHAD/AMEMBASSY ABU DHABI 0006
RUEHDE/AMCONSUL DUBAI 0006
RUEHKL/AMEMBASSY KUALA LUMPUR 0001
RUEHVT/AMEMBASSY VALLETTA 0114
RUEHRO/AMEMBASSY ROME 0206
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UNCLAS SECTION 01 OF 02 TRIPOLI 000563

SIPDIS

DEPARTMENT FOR NEA/MAG, COMMERCE FOR NATE MASON

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TAGS: [BEXP](#) [BTIO](#) [ECON](#) [EFIN](#) [EIND](#) [EINT](#) [EINV](#) [ENRG](#) [EPET](#)
ETRD, LY
SUBJECT: LIBYA: COMMERCIAL ROUND UP, AUGUST-SEPTEMBER 2006

Oil and Gas Sector

¶1. Sources indicate that the National Oil Corporation (NOC) plans to introduce measures to require foreign companies operating in Libya to offer Libyans salaries equal to those paid to non-Libyans. (Source: NOC, 8/21)

¶2. Libya and Japan signed a memorandum of understanding on cooperation between the two countries in the fields of oil and gas, as well as nuclear and solar energy. The memo also calls for cooperation between the two countries in transportation, communications, tourism, environment and human resources. The two sides also discussed the possibility of financing an oil pipeline to link the south of Libya with the entrance to the Red Sea. (Source: Akhbar-Libya.com (quoting the Emirates News Agency), 8/20)

¶3. NOC has announced a third round for exploration and production of oil in Libya (EPSA-IV Round). The new round includes 14 areas and 41 sections, for a total area of approximately 100,000 square kilometers. NOC will announce the results on December 20, 2006. (Source: Almanara.org (quoting aljazeera.net), 8/15)

¶4. An official Libyan source announced August 14 that the executive manager of Chevron expressed his company's readiness to transfer oil technology to Libya through its oil projects in the country. He also stated that his company will work to make

use of and to train the Libyan workforce. (Source: Almanara.org (quoting Alquds Alarabi Newspaper), 8/15)

Construction and Infrastructure Development

15. Rahnill Bhd secured a deal worth \$2 billion to construct a new township in Tajura, near Tripoli. Sources familiar with the company said that the engineering group is also aggressively pursuing a similar contract in Libya worth \$1.5 billion, in addition to exploring oil and gas opportunities and a railway contract. Under the Tajura township contract, Rahnill will build some 40,000 homes for a Libyan government housing agency. "It is a straightforward housing project, but one that would open further opportunities for Rahnill," one source reported. "The company is taking a holistic approach in bidding for jobs that all of its units can take part in." Sources also said that Rahnill expects to receive a start-up fund from the Libyan government of between 15% and 20% of the contract value. "Rahnill is making itself a preferred builder for the Libyan government," the source said, "and has the first right of refusal for several of the projects that the authorities have in the pipeline." One source explained that the American decision to lift sanctions on Libya has created opportunities for construction companies. (Source: The Edge Daily, 8/23)

16. Libya Mobile Phone Service provider signed an agreement with the German D.T. Khun [transliteration] to develop services and management. The contract will last for two years. Libya currently provides its services to more than a million subscribers. (Source: Khaleej Newspaper, 8/14)

Foreign and US Investment

17. The General People's Committee decided August 22 to establish a financial investment corporation. The establishment will have a capital of 250 million dollars and will report directly to the General People's Committee. The corporation is intended to diversify income resources and increase revenues to the Libyan treasury. (Source: LJBC.net, 8/23)

18. Libyan Secretary of Economy, Investment And Trade Tayyib Safi Tayyib confirmed his country's willingness to learn from the example of the United Arab Emirates in the management of ports and free zones. In a speech before the second conference on economic activities, Safi said that Libya must abandon the foreign investor complex and learn from the experiences of foreign companies and investors in transferring technology, especially in management and banking. He stressed the importance of exploiting Libya's high present level of oil income, and of finding alternative income sources for the progress of the country. (Source: Albayan Newspaper, 8/9)

19. Tameer Holding Co. announced August 9 a \$20 billion project in Libya. The project represents the biggest investment in the Maghreb from the Gulf region. The contract was signed by Omar Ayesh from Tameer and Hamed Alarabi Alhudeiri from the Economic and Social Development Fund. (NOTE: Tameer and the Economic and Social Development Fund have formed a joint company, called Tadweer, or the Libya Real Estate Development Company. END NOTE.) The project will be located in the Wadi Sharki area on the outskirts of Tripoli. It covers a beachfront area of more than 40 square kilometers. It will consist of a complete city with commercial centers and tourist attractions, as well as schools and hospitals. Some of the buildings are designed to accommodate the most advanced technologies available. The city will serve a population of about half a million inhabitants. (Source: Libya-Alyoum.com, 8/10)

Tourism

10. Secretary of the General People's Committee Dr. Elbaghdadi Elmahmoudi and the General Manager of the Swiss holding company

Piroco [transliteration] announced that they will begin building the Andalus Tourist Center in Tripoli. Libyan Tourism Secretary Ammar Iltayyif attended the ceremony, along with the Swiss Ambassador to Libya. The project is a joint venture between the Economic and Social Development Fund in Libya (30%) and the Swiss company (70%). The tourist resort will cover an area of four hectares and include a 600-bed, five-star hotel. The project will start in December, 2006 and is expected to require four years to finish. It will also include a harbor big enough for 250 yachts. The project, whose total value is 200 million euros, is expected to provide 1000 job opportunities to Libyan employees. The Swiss company's investment period will last 70 years. (Source: Almanara, 8/31)

Banking

11. Qatar National Bank announced August 29 that it has received official permission to open a representative office in Libya. (Source: Libya-Alyoum.com, 8/30)
BERRY